

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**Amendment No. 13 to SB0349**

**Cooper J**  
**Signature of Sponsor**

**AMEND SB** \_\_\_\_\_**HB** \_\_\_\_\_

by adding the following language as a new, appropriately numbered section:

**SECTION** \_\_\_\_.

**(a)** Notwithstanding any provision of this act or any other law to the contrary:

(1) Tennessee Code Annotated, Section 67-6-103(f), is amended by deleting the words, figure and symbols "six percent (6%)" and by substituting instead the following:

six and one-fifth percent (6.2%)

(2) Tennessee Code Annotated, Section 67-6-202(a), is amended by deleting the words, figure and symbols "six percent (6%)" and by substituting instead the following:

six and one-fifth percent (6.2%)

(3) Tennessee Code Annotated, Section 67-6-203(a), is amended by deleting the words, figure and symbols "six percent (6%)" and by substituting instead the following:

six and one-fifth percent (6.2%)

(4) Tennessee Code Annotated, Sections 67-6-204(a)(1), (a)(2) and (c)(1), are amended by deleting the words, figure and symbols "six percent (6%)" and by substituting instead the following:

six and one-fifth percent (6.2%)

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(5) Tennessee Code Annotated, Section 67-6-205(a), is amended  
by deleting the words, figure and symbols "six percent (6%)" and by  
substituting instead the following:

six and one-fifth percent (6.2%)

**(b)** Notwithstanding the provisions of subsection (a) to the contrary, sales to or use by a contractor, subcontractor, or material vendor of tangible personal property, including rentals thereof and labor or services performed in the fabrication, manufacture, delivery, or installation of such tangible personal property when such property is sold or used solely in performance of a lump sum or unit price construction contract operative or in effect on June 30, 2002, or awarded by the state or a political subdivision pursuant to a bid opening which occurred prior to June 30, 2002, shall be subject to tax at the state rate of six percent (6%) plus the local sales tax rate in effect in the county or municipality in which the property is sold or used. In addition, sales to or use by a subcontractor of tangible personal property, including rentals thereof and labor or services performed in the fabrication, manufacture, delivery, or installation of such tangible personal property when such property is sold or used solely in performance of a written subcontract entered into prior to September 1, 2002, if such subcontract is made pursuant to a general contract qualifying for the reduced rate of tax as set out above, shall be subject to tax at the state rate of six percent (6%) plus the local sales tax rate in effect in the county or municipality in which the property is sold or used. Any vendor making such sales to any such

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contractor or subcontractor shall collect state tax at the rate levied on the sale of tangible personal property at retail by the provisions of §67-6-202, as well as the applicable local rate. Any such contractor paying such rate may then file a claim with the commissioner of revenue for a refund of any such tax paid to any of the contractor's vendors at a rate in excess of six percent (6%) plus the local sales tax rate in effect in the county or municipality in which the property is sold or used. For purposes of this subsection the term "lump sum or unit price construction contract" means a written contract for the construction of improvements to real property under which the amount payable to the contractor, subcontractor or material vendor is fixed without regard to the costs incurred in the performance of the contract. The provisions of this paragraph shall not be construed to increase the rate of tax imposed pursuant to the provisions of §67-6-206. This subsection is repealed on January 1, 2003.

**(c)** Notwithstanding the provisions of §67-6-103(a)(3) or any other law to the contrary, all increased revenues directly attributable to the rate increase set forth in subsection (a) of this section of this act shall be paid into the state's general fund and shall be allocated exclusively for general state purposes; and no portion of such increased revenues shall be distributed to county or municipal government unless specifically authorized by the general appropriations act.

**(d)** Notwithstanding any provision of law to the contrary, the commissioner of revenue is authorized to waive tax liability and associated interest and penalties otherwise imposed pursuant to subsection (a) of this

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section of this act, but only to the extent that the vendor can demonstrate, to the commissioner's satisfaction, that the vendor's noncompliance with the requirements of subsection (a) unavoidably and directly resulted from the close proximity of the passage date of this section and the effective date of this section.

**(e)** Notwithstanding any provision of this act to the contrary, this section shall take effect on July 1, 2002, the public welfare requiring it.